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Returns From MARKETING Cottonseed and Soybean Oils in MARGARINE

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U.S. DEPARTMENT OF AGRICULTURE

ECONOMIC RESEARCH SERVICE

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NOTE: As used in this report, the marketing margin or price spread is the difference between the retail store price to consumers for a pound of margarine and the payment received by farmers for the average amount of cottonseed and soybean oils required to produce a pound of margarine (farm value). The overall marketing margin includes all charges for processing and distributing farm products after they are sold by farmers.

5c Washington, D. C.

5c
October 1961

SUMMARY

Margarine is an important outlet for cottonseed and soybean oils. Per capita consumption of margarine in 1960 was about 9.4 pounds, equivalent to 7.9 pounds of crude vegetable oil. Margarine requires about 33 percent of total domestic consumption of soybean oil and 12 percent of cottonseed oil.

Approximately 80 percent of U. S. margarine is sold through retail food stores, and over 93 percent is packaged in 1-pound units. Currently, margarine is retailed over a broad price range extending from about 15 to 39 cents per pound. Brands are an essential part of product differentiation and sales promotion. In addition to producing their own brands, manufacturers package margarine under the private labels of wholesalers and retailers.

Noticeable price differences are associated with types of retail outlets, brands, and regional consuming areas. Retail prices for margarine average lower in corporate food chains than in voluntary chains and independents. Corporate chain store prices averaged as much as 2.8 cents a pound below those for independents during the period of the study. Retail spreads--the difference between the buying and selling prices of retail grocers--averaged 4.0 cents for chains and 5.2 cents for independents. Differences in prices and spreads by type of outlet are partly attributable to differences in procurement and merchandising practices.

Margins in retailing margarine are usually more for higher priced brands. In 1959, the "super brands" of margarine retailing at an average price of 39.3 cents a pound had an average price spread of 5.4 cents between retail buying and selling prices. But, for brands selling below 23.0 cents a pound, retail prices averaged 20.7 cents and margins 3.7 cents.

Average retail prices were higher in metropolitan New York than in Chicago, Los Angeles, or the Southeast. Prices were lowest in the Southeast. New York prices in 1959 averaged 28.9 cents compared with 24.7 cents for the Southeast.

Prices of some brands of margarine varied more than others. However, differences in average prices among regions were greater than differences among groups of similarly priced brands of margarines in the same region. Most differences in average prices were attributable to differences in the distribution of sales among the price groups within regions. In 1959, sales of higher priced margarine ("super brands" and nationally advertised brands) exceeded 74 percent of New York sales, but in the Southeast the lower priced margarines were about 66 percent of sales.

Average spreads between retail buying and retail selling prices increased slightly from 4.3 to 4.5 cents per pound from 1957 to 1959.

Manufacturing-wholesaling price spreads cover the functions of (1) wholesaling, (2) manufacturing, and (3) oil refining. Wholesaling was combined with manufacturing in this report because the wholesaling function is not always performed by distinct wholesaling agencies. For instance, many large retailers buy directly from manufacturers. Also, refining and hydrogenation of oil are frequently integrated with margarine manufacture. The combined manufacturing-wholesaling spread was close to one-half the average retail price of margarine. There were substantial differences in spreads by type of outlet, retail price groups, and regions. From 1957 to 1959, the average spread increased slightly from 13.3 to 13.9 cents a pound. Mill and country shipper margins for marketing soybean and cottonseed oil in margarine, however, declined somewhat during the period from 1.9 to 1.4 cents per pound.

From 1957 to 1959, margarine retail selling prices dropped 1.9 cents from 28.4 to 26.5 cents a pound while the farm value of oil in a pound of margarine dropped 2.2 cents from 8.9 to 6.7 cents a pound. Accordingly, total marketing margins increased slightly.

RETURNS FROM MARKETING COTTONSEED AND SOYBEAN OILS IN MARGARINE

2

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INTRODUCTION

Widely held interest in spreads between the price of farm products and the price of consumer goods produced from farm products led Congress to designate certain marketing research funds for studies of marketing margins. This study of price spreads for margarine is one of several similar studies of important food products undertaken by the Economic Research Service in this area of research.

Margarine became the leading table spread in the United States in 1957 when per capita consumption surpassed that of butter. In 1960, the per capita consumption of margarine reached 9.4 pounds as compared to 7.8 pounds for butter (fig. 1).

The principal ingredient of margarine is fat, either vegetable or animal, or a combination of the two. 1/ The finished product is required to contain at least 80 percent fat. Other ingredients are fresh skim or dry skim milk, salt, an antispattering agent, an antiburning and antisticking agent, preservatives, flavoring (butter), color, and vitamins. About 16 percent of a pound of margarine is moisture.

Soybeans and cottonseed are sources of about 95 percent of the reported fats and oils used in margarine. In 1959, margarine production required about 1,094 million pounds of soybean oil and 124 million pounds of cottonseed oil. Use of soybean oil has been increasing rapidly, displacing cottonseed oil in margarine (fig. 2). Corn oil, used in the production of some higher priced brands, reached 17 million pounds in 1959 and about tripled this amount in 1960. An estimated 7 million pounds of butterfat also went into the more expensive brands. 2/

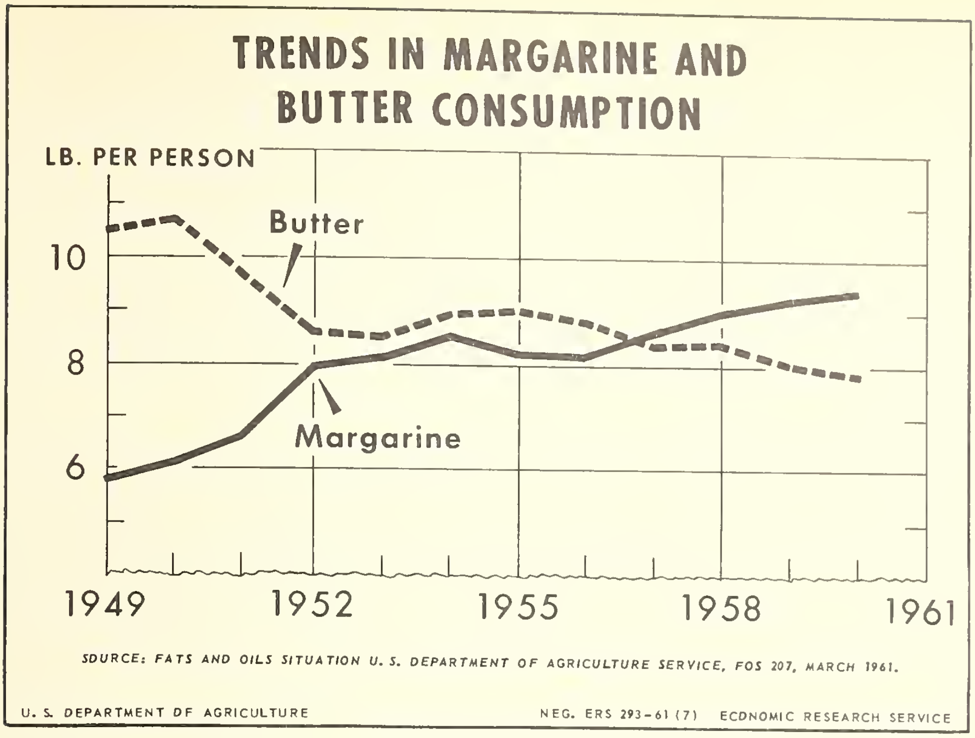
Approximately 32 percent of the soybean oil and about 10 percent of the cottonseed oil used domestically in 1959 went into the manufacture of margarine. Other principal uses for soybean oil and cottonseed oil are in shortening and as salad and cooking oils. These three food products utilize about 90 percent of total domestic consumption of these two oils. 3/

Soybeans and cottonseed are leading cash crops for many U. S. farmers. At an estimated farm value of 8.5 cents a pound for oil, soybean farmers realized about $93 million for oil used in margarine in 1959. The same year, at 7.3 cents a pound for cottonseed oil, cotton farmers received about $9 million. An estimated $3 million went to dairy farmers for skim milk used in margarine manufacture.

1/ See appendix, table 23.

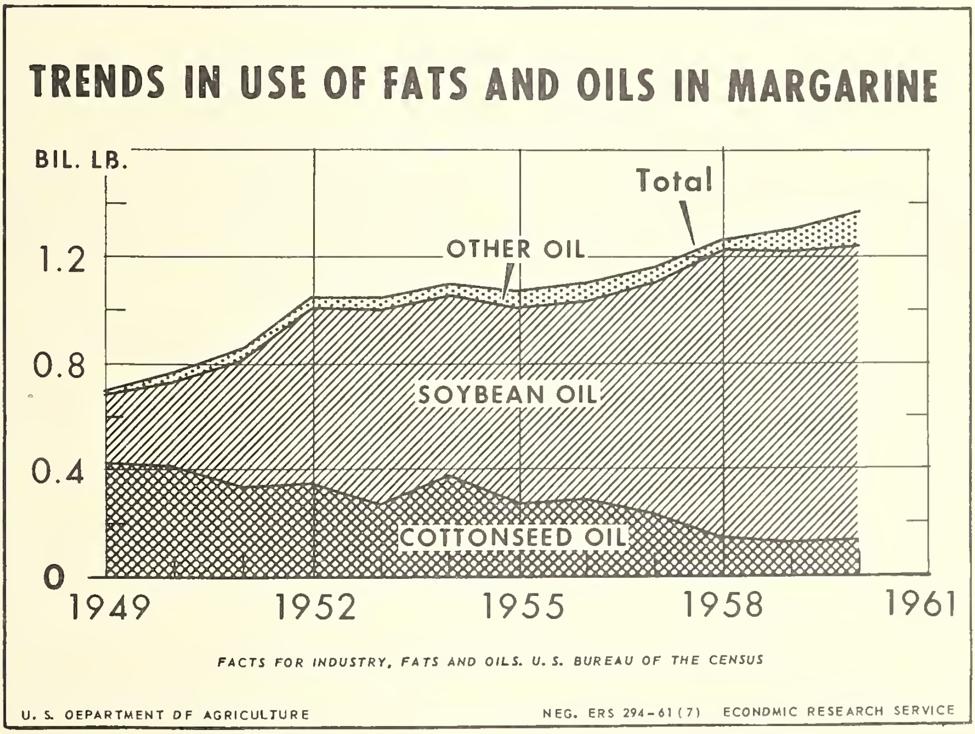
2/ Use of butter is not included in manufacturers' monthly reports to the U. S. Bureau of the Census on fats and oils consumption. The decline in reported fats used per pound of margarine produced indicates that somewhat over 0.5 percent of the total fats used may be butter.

3/ Estimate based on Current Industrial Reports, Fats and Oils, Series M20K published monthly by the U. S. Bur. of the Census.


TRENDS IN MARGARINE AND BUTTER CONSUMPTION

SOURCE: FATS AND OILS SITUATION U. S. DEPARTMENT OF AGRICULTURE SERVICE, FOS 207, MARCH 1961.

Figure 1


TRENDS IN USE OF FATS AND OILS IN MARGARINE

FACTS FOR INDUSTRY, FATS AND OILS. U. S. BUREAU OF THE CENSUS

Figure 2

The objective of this study is to provide information on the margins covering payments for services provided by marketing agencies in transforming soybean and cottonseed oils into margarine and distributing margarine to consumers. Margarine is retailed over a wide range of selling prices reflecting different brands, location of consuming areas, and various other factors. Therefore, average marketing margins summarize payments to manufacturing and marketing agencies functioning under diverse market situations. This analysis examines margins associated with brands, retail outlets, and regions that are not usually covered in other margin reports published by the Department of Agriculture. Average marketing margins for a market basket of food products, including margarine, appear in the "Marketing and Transportation Situation" published quarterly by the Department's Economic Research Service. However, this series covers only overall farm-to-retail price spreads.

The 1957-59 average retail buying and selling prices and retail sales for margarine used in this report were obtained for the Southeast, the metropolitan areas of New York, Chicago, and Los Angeles, and the United States as a whole through contract with the A. C. Nielsen Company. 4/ Data on values and quantities of sales at the manufacturing level were obtained through a special survey of manufacturers for the years 1957, 1958, and 1959. Information on the value of oil was taken from reports of the U. S. Bureau of the Census and of the U. S. Department of Agriculture. The Nielsen data provide detailed information on sales and prices by brand, type of retail outlet, and region not available from BLS. U. S. average retail selling prices based on the Nielsen data differ slightly from those reported by BLS because of weighting procedure and because of differing product and sample specifications. In 1957 and 1959 BLS prices averaged 1.5 cents a pound above the Nielsen averages and 1.9 cents in 1958.

THE MARGARINE INDUSTRY

Relation to Oilseed Crushing and Oil Refining

Margarine is one of the principal end products of the edible vegetable oil industry. This industry encompasses all processes and firms that have to do with (1) crushing oilseeds, (2) refining the crude oil, and (3) manufacturing the end products--margarine, shortening, and salad and cooking oils.

Processing of edible vegetable oil and vegetable oil products is largely carried on by a comparatively few large manufacturing concerns. In 1958, there were approximately 331 mills processing soybeans and cottonseed, 110 establishments refining crude edible oil, and 105 plants producing either margarine or shortening or both. 5/

The stages in processing oilseeds and oils to produce margarine are (1) extraction of oil, and (2) refining and further processing of bulk oils. The three steps involved in the second stage are (a) bleaching, (b) deodorizing, and (c) hydrogenation.

4/ Basic data obtained from the A. C. Nielsen Company are summarized in the appendix, tables 24 to 28. U. S. Bur. Labor Statistics data used in the market basket did not furnish the desired amount of detail for the analysis in this study.

5/ The oil mill and end product plant figures taken from 1958 Census of Manufactures published reports do not include establishments producing these products but classified under some other industry. The number of refineries shown is based on The International Green Book, 1957-58 edition, and trade sources.

The first stage--crushing soybeans and cottonseed for oil--is usually carried on in the oilseed-producing area to minimize transportation costs. Soybean mills are located largely in the North Central regions where most U. S. soybeans are grown (table 1). Cottonseed mills are located in the cotton-producing regions of the South and Southwest. Refineries frequently are located some distance from oil mills and near marketing or consuming areas because transportation of oil is less expensive than transportation of end products.

About 86 percent of the refined soybean oil and 77 percent of the cottonseed oil produced in 1954 were processed in shortening plants. In the same year, over 96 percent of the soybean oil and 92 percent of the cottonseed oil refined in shortening plants were further processed in the same establishments. Such oil was also manufactured into end products except for about 22 percent that was shipped to margarine companies without facilities for processing margarine oil or to other end product producers.

Because of extensive overlapping of activities of particular firms, oil may flow from the crude stage through the end product stage without changing ownership. It may be stored, shipped between plants, or carried through a series of processes without interruption.

Table 1.--Soybean and cottonseed mills and production of crude oil by geographic regions, 1958

Regions	Soybean mills			Cottonseed mills		
	Mills	Production oil 1/	Percentage	Mills	Production oil 1/	Percentage
	No.	Mil. lb.	Pct.	No.	Mil. lb.	Pct.
New England and Middle Atlantic....	4	2/	2/	3	17	1.2
East North Central...	34	1,975	52.8	1		
West North Central...	33	1,070	28.6	3		
South Atlantic.......	6	79	2.1	42	110	8.0
East South Central...	20	486	13.0	46	236	17.2
West South Central...	7	101	2.7	97	711	51.6
Pacific and Mountain.	13	2/	2/	22	303	22.0
United States...	117	3,740	100.0	214	1,377	100.0

1/ Regional production based on reported total production and value of shipments by regions.

2/ Production of soybean oil in the New England & Middle Atlantic and Pacific & Mountain regions was 29 million pounds in 1958, equivalent to 0.8 percent of U. S. total production.

Based on 1958 Census of Manufactures.

Margarine Firms

Margarine is produced by a few relatively large manufacturing establishments. In 1958, 60 plants reported, to the U. S. Bureau of the Census, production of about 1.6 billion pounds of margarine, an average of about 26 million pounds per plant (table 2). The 60 plants were owned by only 30 firms. The four largest firms controlled 22 plants, 18 firms operated one plant each, and the others averaged 2 to 4 margarine plants each.

The present trend is toward fewer companies. This has occurred through purchases of operating plants and by mergers. Few new firms enter margarine production.

According to the 1954 Census of Manufactures, plants engaged primarily in the manufacture of margarine produced 62 percent of the U. S. total production. 6/ About 28 percent came from plants engaged primarily in shortening and salad or cooking oil production, and 10 percent came from other industries. In the same year, margarine plants produced $9.0 million worth of shortening and salad oil and $6.4 million worth of salad dressing and mayonnaise. 7/

Margarine production is not only integrated with oilseed and oil processing and with the production of other fats and oils products; in some instances it is also integrated with the manufacture and distribution of other foods and related products. Several large manufacturers of foods and related products have included margarine production in their operations.

Close to one-half of U. S. margarine is produced in the Northeast and East North Central States which contain about one-half of the U. S. population. Nearness to markets and availability of raw materials are important in locating margarine plants. Plentiful supplies of crude and refined soybean oil are produced in the East North Central States.

Manufacturers of margarine with national distribution generally try to locate plants in several geographic regions for convenience in distributing their product. They usually operate plants in the Northeast or North Central regions, the Southeast or South Central regions, and in the West.

Industry Practices

Refined oil must be bleached, deodorized, and hydrogenated before it can be mixed with other ingredients and chilled to make margarine. Manufacturers either produce their own blended oil or purchase it from a refinery. Ready-prepared oil obtained from refineries is tailored to produce a product having the characteristics specified by the manufacturer. Soybean and cottonseed oils differ somewhat chemically. The manufacturer may use a single oil or may require a combination of oils to obtain desired product characteristics. The plastic range of oils is frequently changed with changes in seasons.

6/ Margarine comprised 90 percent of the total value of shipments of each of these plants. A total of 58 plants were in operation in 1954. The 1958 Census did not classify margarine and shortening plants separately.

7/ These data refer only to operations of the 33 plants classified as margarine plants.

Table 2.--Margarine plants and production by geographic region, 1958

Region	Plants	Production		Percentage distribution	
		Per plant	Total	Production	Population
	No.	Mil. lb.	Mil. lb.	Pct.	Pct.
New England and Middle Atlantic....	5	35.4	1/ 177	11.3	25.0
East North Central...	16	36.6	2/ 585	37.2	20.7
West North Central...	5	13.0	65	4.1	8.8
South Atlantic and East South Central.	13	23.0	3/ 299	19.0	21.4
West South Central...	11	22.2	4/ 245	15.6	9.5
Pacific and Mountain.	10	20.2	5/ 202	12.8	14.6
United States...	60	26.2	1,573	100.0	100.0

1/ New Jersey.
2/ Ohio 180 million pounds; Illinois 167, and Indiana and Michigan 238.
3/ Georgia 115 million pounds.
4/ Texas 195 million pounds.
5/ California.
Based on special tabulation of materials from Industry Division, U. S. Bureau of the Census.

From mixing through packaging, margarine manufacture is a continuous mechanical process. In 1958, close to 93 percent of reported U. S. margarine production was packaged in 1-pound consumer units. 8/ About 1.3 percent was put up in pats and chips, and 5.6 percent was packaged in larger units for retail distribution or sold in bulk to other users such as bakers.

When margarine leaves the manufacturing plant, it is packaged and ready for sale to the final consumer. Some margarine moves directly to a retail organization while some goes through brokers, wholesale grocers, or other local distributors.

Nearly all 1-pound packages carry a brand label. Most manufacturers package their own brands and also package private brands for other firms.

Brand advertising continues to be an important factor in the development of a market for margarine. In 1959, seven manufacturers of margarine were among the 100 top advertisers in the United States. 9/ Data from the A. C. Nielsen Company indicate that close to one-half of U. S. retail sales of margarine are comprised of the well advertised brands. However, in recent years somewhat greater gains in retail sales of margarine have been made by minor brands than by national brands.

8/ Estimate based on Facts for Industry, Animal and Vegetable Fats and Oils, 1958, Series M 28-1-08. U. S. Bur. of the Census. Dec. 1959.
9/ Advertisers' Guide to Marketing, 1961. Printer's Ink. Sept. 9, 1960.

Large differences in retail prices occur among different brands of margarine. Most leading manufacturers package three or more brands. These usually include their best selling brand, a lower and a higher priced margarine. The best selling brand is likely to be well established and broadly advertised, and ordinarily retails at prices somewhat above the average price for all margarine. Several such brands have been in production since the 1930's or earlier. According to Nielsen data, in 1959 they averaged about 29.4 cents per pound for the United States. The lower priced brand of leading manufacturers is likely to sell near the average level of margarine prices of approximately 26.5 cents per pound. The "super brands" are a fairly recent development. They generally contain butter or corn oil and retail at 35.0 cents or more a pound.

Other manufacturers' brands may have only local significance and often sell at prices below the nationally established brands. Retail prices for private label margarine are generally average or below. Some brand names of large national food retail chains, which are the bulk of the private labels, are well known but seldom sell at above average prices. Food wholesalers, local chains, and dairies also may have their own brands.

PRICES AND PRICE SPREADS

Retail Prices and Price Spreads

Domestic consumption of margarine was about 1.7 billion pounds in 1960. Some margarine reaches consumers through such retail channels as public eating places and institutions, dairy home delivery routes, and in prepared food including bakery goods and frozen foods; however, nearly 80 percent is purchased at retail grocery stores. 10/

Consumer payments for services associated with retailing margarine are indicated by the spread between retail buying and selling prices. Retail functions include procurement, display and advertisement, and sales. In carrying on these functions, retail grocers are obliged to maintain a retail establishment, refrigerated storage space, and transportation facilities, and to provide managerial, clerical, and other services.

A multiplicity of prices exists for margarine at the retail level. Therefore, as a practical necessity, the retail margin must be measured in terms of averaged prices and should be viewed only as a general measure of the retailing cost.

Some of the most notable differences in retail prices can be traced to types of retailing outlets, practices of product differentiation, and time and geographic location of sales.

Differences by Type of Retail Outlet

The data in table 3 for 1957 and 1958 indicate that retail buying and selling prices of chain stores average somewhat lower than prices for the three major types of stores combined: chains, voluntary chains, and independents. Selling prices as well as buying prices and price spreads of independent retail grocery stores

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10/ Food Field Reporter. Vol. 28, No. 18. Topics Publishing Co., New York. Aug. 29, 1960.

Table 3.--Retail prices and price spreads per pound of margarine by type of outlet, 1957-58 1/

Year and type of outlet	Retail prices 2/		Retail price spread	Spread as percentage of retail selling price
	Buying	Selling		
	Cents	Cents	Cents	Percent
1957				
All stores	24.1	28.4	4.3	15.1
Chains	23.1	27.2	4.1	15.1
Voluntary Chains	24.7	29.2	4.5	15.4
Independents	25.1	30.3	5.2	17.2
1958				
All stores	23.2	27.5	4.3	15.6
Chains	22.4	26.4	4.0	15.2
Voluntary Chains	23.4	28.2	4.8	17.0
Independents	24.0	29.2	5.2	17.8

1/ Feb.-Mar., June-July, and Oct.-Nov. averages.

2/ Simple averages for individual type of stores; all stores weighted by sales.

A. C. Nielsen Co.

were the highest of the three types of outlets. Voluntary chain store prices and spreads regularly fell between those for chain and independent stores.

Average buying prices of retail grocers are related to procurement practices. Chain stores enjoy certain price advantages over other types of retail outlets in the procurement of supplies. For example, in 1958 chain store buying prices averaged 1.0 cent per pound below those for voluntary chains and 1.6 cents below independent stores. As a group, independents have the least favorable buying position of the three types of stores.

Merchandising practices of retail grocers influence the size of retail margins. Many retailers, especially chain stores, regularly announce special prices on margarine to attract customers. This is most frequently true of weekend promotion. At times the special prices advertised by retail stores originate with the manufacturer, in which case retailers are compensated for the reduction in price.

Average markups, as well as price spreads, of chain stores are lower than for the other two types of outlets. Independent stores reported an average markup of over 17 percent compared with about 15 percent for chains.

Differences by Retail Price Groups

Leading margarine manufacturers have been comparatively successful in differentiating their products by advertising. Brand names and advertising have been used extensively in introducing margarine to the public. Leaders in the industry have attempted to offer consumers a choice by developing higher and lower as well as intermediately priced brands. A few of the older brand names are still in use, but many new brands have been introduced. Some manufacturers and chain stores have concentrated heavily on the development of low-priced brands. As a result, margarine prices vary generally from about 15 to 39 cents per pounds.

A few dietetic brands of margarine are produced to meet special dietary needs. Often these brands are sold by drug stores at about $1.00 a pound. At present, attempts to meet the same requirements are being made with some popular brands, at least in part. Strictly dietetic brands were excluded from this analysis.

Although margarine sales are distributed over many brands and a wide range of prices, brands may be broadly classified into four retail price groups. Group I includes the "super brands" made to sell for 35 cents or more per pound. These are, in the main, highly advertised brands containing a small proportion of butter or those made with corn oil. Group II includes the largest selling national brands which retail at somewhat lower prices. Other brands selling between 23 and 29 cents were classified as Group III, and those selling under 23 cents as Group IV.

Average retail prices for Group I and differentials between Group I and Groups II, III, and IV are shown in table 4. In 1959, the average retail selling price for Group IV was 18.6 cents a pound below the Group I average. In the same year, Group III prices averaged less by 12.0 cents, and Group II by 9.9 cents. Selling price differentials among price groups were somewhat larger than buying price differentials, but proportionally they were similar.

Retail price spreads differ substantially among price groups. Absolute margins are generally higher for the higher priced brands (table 5). For example, in 1959 the Group I price spread was 5.4 cents per pound compared with 3.7 cents for Group IV, but percentagewise margins generally were greater for the lower priced brands.

Regional Differences

Although some brands of margarine are retailed nationally, prices of these brands are usually not the same in all localities. Prices of several brands in four consuming areas--metropolitan New York, Chicago, Los Angeles, and the Southeast--are shown in table 6. While price differences in general were not large, Brand B sold for nearly 4 cents a pound more in New York than in the Southeast in 1957.

An important regional influence upon the general value of margarine originates with consumers. The pattern of consumer purchases of margarine changed noticeably from region to region. For the United States as a whole, about 45 percent of retail sales were the well-known national brands included in Groups I and II, although the "super brands" amounted to less than 10 percent of all margarine sales. Lower priced brands made up the remaining 55 percent of sales, most of which were brands retailing for less than 23 cents per pound. In New York and Chicago, higher priced margarines in Groups I and II outsold those in the other two groups. About 74 percent of New York sales and 63 percent of Chicago sales in 1959 were Group I and Group II margarines. In contrast, about 66 percent of sales in the Southeast were accounted for by Groups III and IV. A somewhat smaller proportion of Los Angeles sales was from these latter two groups (table 7).

The effect of different regional consumer purchase patterns upon the regional average prices of margarine can be noted from table 8. Although differences between average selling prices for similar groups of margarine for New York and the Southeast were less than 2 cents per pound in 1959, the difference between the overall

Table 4.--Group I prices and price differentials between Group I and other groups, 1957-59 1/

Year	Group I	Differentials from Group I: Group II	Group III	Group IV
	Retail buying prices			
	Cents	Cents	Cents	Cents
1957	33.3	-6.1	-10.1	-14.8
1958	33.2	-6.9	-10.2	-15.6
1959	33.9	-9.2	-12.1	-16.9
	Retail selling prices			
1957	38.5	-6.7	-10.7	-16.6
1958	39.0	-7.9	-11.8	-18.0
1959	39.3	-9.9	-12.0	-18.6

1/ Feb.-Mar., June-July, and Oct.-Nov. averages.
A. C. Nielsen Co.

Table 5.--Retail prices and price spreads per pound of margarine by price group, 1957-1959 1/

Year and price group	Retail prices: Buying	Retail prices: Selling	Retail price spread	Spread as percentage of retail selling price
	Cents	Cents	Cents	Percent
1957				
Group I	33.3	38.5	5.2	13.5
Group II	27.2	31.8	4.6	14.5
Group III	23.2	27.8	4.6	16.5
Group IV	18.5	21.9	3.4	15.5
1958				
Group I	33.2	39.0	5.8	14.9
Group II	26.3	31.1	4.8	15.4
Group III	23.0	27.2	4.2	15.4
Group IV	17.6	21.0	3.4	16.2
1959				
Group I	33.9	39.3	5.4	13.7
Group II	24.7	29.4	4.7	16.0
Group III	21.8	27.3	5.5	20.1
Group IV	17.0	20.7	3.7	17.9

1/ Feb.-Mar., June-July, and Oct.-Nov. averages.
A. C. Nielsen Co.

Table 6.--Retail prices and price spreads per pound of margarine by brand, price group, and geographic region, 1957-58 1/

Year and price group	New York			Chicago			Los Angeles			Southeast		
	Retail price		Retail price spread	Retail price		Retail price spread	Retail price		Retail price spread	Retail price		Retail price spread
	Buying	Selling		Buying	Selling		Buying	Selling		Buying	Selling	
	-	-	-	-	C E N T S		-	-	-	-	-	-
1957												
Group I:												
Average.....	32.8	38.1	5.3	33.7	39.3	5.6	32.7	38.2	5.5	32.9	38.7	5.8
Brand A...	34.2	39.4	5.2	34.1	39.4	5.3	34.8	39.0	4.2	34.4	40.0	5.6
Brand B...	31.9	37.1	5.2	33.2	39.0	5.8	28.8	34.4	5.6	28.3	33.2	4.9
Group II:												
Average.....	26.1	30.0	3.9	26.3	31.0	4.7	27.2	31.3	4.1	27.2	31.9	4.7
Brand C...	26.6	30.8	4.2	26.2	31.1	4.9	26.4	29.4	3.0	26.9	31.6	4.7
Brand D...	26.9	30.9	4.0	26.4	31.2	4.8	2/	2/	2/	26.4	30.9	4.5
1958												
Group I:												
Average.....	32.4	37.8	5.4	32.7	38.7	6.0	34.7	40.4	5.7	31.5	37.8	6.3
Brand A...	34.0	39.2	5.2	33.9	39.2	5.3	34.2	39.1	4.9	32.7	38.8	6.1
Brand B...	30.9	36.0	5.1	29.4	35.4	6.0	31.6	35.5	3.9	28.6	34.7	6.1
Group II:												
Average.....	25.6	30.2	4.6	25.5	30.1	4.6	26.8	31.6	4.8	26.4	31.1	4.7
Brand C...	25.6	29.5	3.9	24.8	29.5	4.7	25.3	28.9	3.6	25.8	30.3	4.5
Brand D...	25.8	29.3	3.5	25.0	29.7	4.7	25.8	29.3	3.5	25.0	29.6	4.6

1/ Feb.-Mar., June-July, and Oct.-Nov. averages.
2/ Not introduced into this market until 1958.
A. C. Nielsen Co.

Table 7.--Percentage distribution of margarine retail sales by price group and geographic region, 1957-59 1/

Year and region	Group I	Group II	Group III	Group IV
	Percent	Percent	Percent	Percent
1957				
United States	9.0	37.4	22.8	30.8
Metro. New York	18.1	59.0	6.4	16.5
Metro. Chicago	17.0	47.0	7.1	28.9
Metro. Los Angeles	9.2	34.3	12.9	43.6
Southeast	2.8	30.6	26.3	40.3
1958				
United States	8.2	37.8	19.9	34.1
Metro. New York	18.3	58.0	7.0	16.7
Metro. Chicago	17.3	45.3	6.6	30.8
Metro. Los Angeles	8.4	38.6	10.7	42.3
Southeast	9.3	35.7	22.1	32.9
1959				
United States	9.4	35.5	15.1	40.0
Metro. New York	23.4	50.7	5.7	20.2
Metro. Chicago	20.5	42.1	7.6	29.8
Metro. Los Angeles	8.4	36.3	8.3	47.0
Southeast	2.8	32.5	15.4	49.3

1/ Feb.-Mar., June-July, and Oct.-Nov. averages.
A. C. Nielsen Co.

average selling prices for all groups for the two areas was over 4 cents. Retail prices in Los Angeles were mostly above New York prices. Nonetheless, the Los Angeles average price for all margarine sales was 2.4 cents below the New York average.

Even though the average price of margarine differed noticeably among regions, margins or price spreads were quite similar. As a rule, the average margins were more uniform among regions than price group margins were within regions (table 9).

Seasonal Variation and Trend

Consumers purchase somewhat more margarine during the fall and winter months than in the summer (table 10); but average margarine prices vary little seasonally (table 11). Despite seasonal stability within years, average prices declined somewhat over the 3-year period, 1957-59. Part of the downward trend in average prices for margarine is attributable to a shift in purchases to lower priced brands (table 12).

Average Prices and Price Spreads

The decline in the average price for margarine between 1957 and 1959 was accompanied by no change in the retail price spread for the first 2 years but a slight increase in 1959. Consequently, the combination of a nearly stable absolute margin and a declining retail price resulted in a small increase in the percentage markup over the 3-year period (table 13).

Manufacturing and Wholesaling Spreads

Usually, wholesaling is regarded as the link that joins retailing with other stages in the marketing process. Normally, the wholesale spread--the cost of wholesaling services to consumers--would be reflected by the difference between retail buying

Table 8.--Retail prices per pound of margarine by price group and geographic region, 1957-59 1/

Region and price group	1957		1958		1959	
	Buying	Selling	Buying	Selling	Buying	Selling
	Cents	Cents	Cents	Cents	Cents	Cents
Metro. New York:						
Average	26.0	30.2	25.5	30.0	24.7	28.9
Group I	32.8	38.1	32.4	37.8	32.9	38.2
Group II	26.1	30.0	25.6	30.2	24.0	28.0
Group III	23.7	28.2	23.4	27.5	23.5	26.7
Group IV	19.2	23.2	18.6	22.2	17.1	21.2
Metro. Chicago:						
Average	24.5	29.2	23.4	28.2	23.3	28.2
Group I	33.7	39.3	32.7	38.7	33.8	38.9
Group II	26.3	31.0	25.5	30.1	24.2	29.1
Group III	21.8	26.6	22.2	27.5	22.5	28.2
Group IV	17.2	20.8	16.2	19.6	15.1	19.7
Metro. Los Angeles:						
Average	23.3	27.2	23.6	28.1	21.9	26.5
Group I	32.7	38.2	34.7	40.4	35.6	40.6
Group II	27.2	31.3	26.8	31.6	25.3	30.1
Group III	21.5	26.1	21.9	28.4	20.5	27.4
Group IV	18.7	21.9	18.8	22.3	17.1	21.0
Southeast:						
Average	22.4	26.6	22.8	27.1	20.2	24.7
Group I	32.9	38.7	31.5	37.8	32.9	38.7
Group II	27.2	31.9	26.4	31.1	24.9	29.7
Group III	22.8	27.5	22.1	26.2	19.9	26.1
Group IV	17.7	21.1	17.0	20.2	16.5	20.2

1/ Feb.-Mar., June-July, and Oct.-Nov. averages.
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Table 9.--Retail price spreads per pound of margarine by price group and geographic region, 1957-59

Price group and year	United States	Metropolitan			Southeast
		New York	Chicago	Los Angeles	
	Cents	Cents	Cents	Cents	Cents
Average:					
1957.....	4.3	4.2	4.7	3.9	4.2
1958.....	4.3	4.5	4.8	4.5	4.3
1959.....	4.5	4.2	4.9	4.6	4.5
Group I:					
1957.....	5.2	5.3	5.6	5.5	5.8
1958.....	5.8	5.4	6.0	5.7	6.3
1959.....	5.4	5.3	5.1	5.0	5.8
Group II:					
1957.....	4.6	3.9	4.7	4.1	4.7
1958.....	4.8	4.6	4.6	4.8	4.7
1959.....	4.7	4.0	4.9	4.8	4.8
Group III:					
1957.....	4.6	4.5	4.8	4.6	4.7
1958.....	4.2	4.1	5.3	6.5	4.1
1959.....	5.5	3.2	5.7	6.9	6.2
Group IV:					
1957.....	3.4	4.0	3.6	3.2	3.4
1958.....	3.4	3.6	3.4	3.5	3.2
1959.....	3.7	4.1	4.6	3.9	3.7

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Table 10.--Percentage of retail margarine sales in specified periods, 1957-59

Period	1957	1958	1959
	Percent	Percent	Percent
Feb.-Mar....	16.8	17.3	17.4
June-July...	15.0	15.1	15.4
Oct.-Nov....	18.2	17.6	17.2
	Million pounds	Million pounds	Million pounds
Annual....	1,119	1,214	1,205

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Table 11.--Retail prices and price spreads per pound of margarine by seasons, 1957-59

Period	Retail price		Retail price spreads	Spread as percentage of retail selling price
	Buying	Selling		
	Cents	Cents	Cents	Percent
1957				
Feb.-Mar.	24.6	29.2	4.6	15.8
June-July	23.9	28.1	4.2	14.9
Oct.-Nov.	23.9	28.0	4.1	14.6
1958				
Feb.-Mar.	23.9	28.3	4.4	15.5
June-July	23.1	27.3	4.2	15.4
Oct.-Nov.	22.7	27.0	4.3	15.9
1959				
Feb.-Mar.	21.8	26.2	4.4	16.8
June-July	21.9	26.4	4.5	17.0
Oct.-Nov.	22.4	27.0	4.6	17.0

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Table 12.--Distribution of retail sales of margarine by price group, 1957-59

Price group	1957	1958	1959
	Percent	Percent	Percent
Group I	9.0	8.2	9.4
Group II	37.4	37.8	35.5
Group III	22.8	19.9	15.1
Group IV	30.8	34.1	40.0

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prices (wholesalers' selling prices) and manufacturers' selling prices. However, in margarine marketing, costs of the wholesaling function are not always easily identified because performance of wholesale services is not confined strictly to traditional wholesale distributing agencies. Although some retail grocery firms rely on wholesale distributors as well as other intermediate marketing agencies for margarine supplies, the larger food retailers tend to bypass wholesalers and purchase margarine directly from manufacturers.

Even if the wholesaling function were not shared by a number of dissimilar agencies, separation of the wholesale spread would have presented a problem because

Table 13.--Average retail prices and price spreads per pound of margarine, 1957-59 1/

Year	Retail price		Retail price spreads	Spread as percentage of retail selling price
	Buying	Selling		
	Cents	Cents	Cents	Percent
1957	24.1	28.4	4.3	15.1
1958	23.2	27.5	4.3	15.6
1959	22.0	26.5	4.5	17.0

1/ Feb.-Mar., June-July, and Oct.-Nov. averages.
A. C. Nielsen Co.

manufacturers' selling prices were not readily available for all 3 years. 11/ For the same reason, neither could separate estimates for manufacturers' margins be obtained. However, it was possible to obtain some idea of the magnitude of these separate margins by use of data from the Census of Manufactures for 1958. In that year, sales of margarine reported by manufacturers averaged 19.2 cents a pound. The average retail buying price for margarine amounted to 23.2 cents (table 13). These two prices suggest an average wholesaling margin of 4 cents per pound.

At the manufacturing level, the notion of a marketing margin or price spread necessarily takes on a different meaning. The product, margarine, originates at the manufacturing level. Consequently, no margarine price exists prior to this stage but only prices for ingredients manufacturers use in making margarine. Viewing various oil refining processes as elements of margarine manufacture, the total manufacturing margin for 1958 could be regarded as the difference between a margarine selling price of 19.2 cents and a crude oil cost of 9.4 cents, a difference of 9.8 cents (see appendix, table 30). Then, refining and hydrogenation would have accounted for 2.4 cents of the total manufacturing margin and margarine processing for 7.4 cents. But because similar data were not available for 1957 and 1959, and because comparable estimates of marketing margins were desired for all 3 years, it became necessary to include both wholesaling and manufacturing costs in an overall manufacturer-wholesaler price spread. Since this study is concerned with marketing spreads for soybean and cottonseed oils used in margarine, the appropriate margin has to do with all costs involved in transforming oil into margarine and distributing the product to retail outlets.

Some margarine manufacturers purchase oil refined especially to meet requirements of margarine, while others equipped with refining facilities obtain crude oil. Firms using prepared oil were assumed to have incurred approximate refining costs through purchase of higher priced oil.

11/ A survey of manufacturers undertaken to establish representative selling prices failed to yield prices by price classes comparable to retail buying and selling prices provided by the Nielsen data because sufficient reports were not received from manufacturers of higher priced brands. Results of the survey are summarized in table 30 in the appendix.

Since margarine does not consist solely of oil, manufacturing costs also arise from the purchase of other ingredients. 12/ Moreover, transportation, storage, and distribution services introduce additional elements of cost between the manufacturer and retailer. Thus, the margin or difference between the cost of a sufficient quantity of crude oil to prepare a pound of margarine and the retail buying price for margarine includes the cost of other ingredients as well as a wide range of production and marketing services. Moreover, refining losses necessitate the use of a larger volume of crude oil than is reflected by refined oil utilization in margarine manufacture. Estimates of the amounts of crude oil required to make a pound of margarine and the corresponding values of crude oil appear in table 30.

Unlike retail buying and selling prices for margarine, crude oil prices for different localities were not available. Therefore, quotations by Midwest mills for soybean oil and Southeast mills for cottonseed oil were used in determining manufacture-to-retail margins. Although use of these quotations probably partially conceals regional variability, some of the conditions affecting margins at the retail level are seen to carry through to the manufacture-wholesale level.

Differences by Type of Retail Outlet

For 1957 and 1958, the difference between the value of crude oil manufacturers used per pound of margarine and the retail buying price of margarine averaged between 13 and 14 cents (table 14). The margin associated with chains was noticeably lower than for other types of retail outlets.

Presumably, the differing margins for the types of retail outlets in part reflected the amounts of services involved in moving margarine from manufacturers to retailers. Independent grocers continue to rely heavily on wholesale distributors. Traditionally, wholesale distributors obtain supplies in carload and truckload lots. From storage, bulk shipments are broken down into smaller units for sale and delivery to retail grocers.

Manufacturers' sales outlets may carry stocks but sometimes only perform selling services. Even fewer services are likely to be performed by other wholesale distribution agencies.

Differences by Retail Price Groups

Manufacture-to-retail spreads shown in table 15 were estimated by assuming that the cost of crude oil was approximately the same for variously priced margarines. These estimates indicate that the manufacture-to-retail spread for the intensively advertised higher priced brands of margarine averages slightly less than three times as great as the spread for the lowest priced brands. To the extent that more expensive and less expensive oils were used in higher and lower priced brands, respectively, the use of a common oil value resulted in underestimation and overestimation of the margins for higher priced and lower priced brands respectively. The cost of oil to manufacturers would have been between 2 and 3 cents more per pound of margarine if corn oil had been used exclusively. Use of approximately 5 percent butter with soybean and cottonseed oils likewise would have increased the cost of the fat content of margarine between 2 and 3 cents per pound.

12/ Other ingredients used in margarine manufacture are listed in table 23. The market basket estimates of the farm value of milk ranged between 0.1 and 0.2 cent a pound of margarine for the 3 years covered by the study.

Table 14.--Manufacturers' crude oil cost, retail grocers' buying prices per pound of margarine, and manufacturing and wholesaling price spread by type of outlet, 1957-58 1/

Type of store	Cost oil, crude basis 2/	Retail buying price of margarine	Manufacturing and wholesaling price spread	Spread as percentage of retail selling price
	Cents	Cents	Cents	Percent
1957:				
All stores	10.8	24.1	13.3	46.8
Chains	10.8	23.1	12.3	45.2
Voluntary chains	10.8	24.7	13.9	47.6
Independents	10.8	25.1	14.3	47.2
1958:				
All stores	9.4	23.2	13.8	50.2
Chains	9.4	22.4	13.0	49.2
Voluntary chains	9.4	23.4	14.0	49.6
Independents	9.4	24.0	14.6	50.0

1/ Feb.-Mar., June-July, and Oct.-Nov. averages. Simple averages for individual types of stores; all stores weighted by sales.

2/ Includes soybean and cottonseed oils.

Col. 1: U. S. Bur. of the Census and Dept. Agr. statistics.

Col. 2: A. C. Nielsen Co.

For manufacturers' prices in the 13 to 16 cent range, some manufacturers estimated the value of oil at 60 to 70 percent of the price they received for a pound of margarine. The cost of product differentiation is apparently a sizable element in margarine marketing.

Occasionally, reductions in the manufacturing and wholesaling spread occur, particularly for high priced margarine because of so-called "consumer deals." These special "deals," which frequently originate with the manufacturer, are generally 1-cent sales, two-for-the-price-of-one offers, or 5- to 10-cent coupon discounts off the regular price. Except for coupon discounts, such price concessions are reflected in both retail buying and selling prices.

A study conducted in Chicago during the period July 1953 through June 1955 indicated that "special" prices averaged 6.1 cents less than regular prices of selected nationally advertised brands. 13/ Although not identifiable, "special" prices as well as regular prices were recorded in the Nielsen data. Consequently, such "specials" entered into the determination of the average prices of margarine reported in this study.

13/ Unpublished data, Lynn H. Stockman, Northwestern University, and Wendell E. Clement, Economic Research Service, U. S. Dept. Agr.

Table 15.--Manufacturers' crude oil cost, retail grocers' buying price per pound of margarine, and manufacturing and wholesaling price spread by price group, 1957-59

Year and price group	Cost oil, crude basis	Retail buying price of margarine 1/	Manufacturing and wholesaling price spread 2/	Spread as percentage of retail selling price
	Cents	Cents	Cents	Percent
1957				
Group I	10.8	33.3	22.5	58.4
Group II	10.8	27.2	16.4	51.6
Group III	10.8	23.2	12.4	44.6
Group IV	10.8	18.5	7.7	35.2
1958				
Group I	9.4	33.2	23.8	61.0
Group II	9.4	26.3	16.9	54.3
Group III	9.4	23.0	13.6	50.0
Group IV	9.4	17.6	8.2	39.0
1959				
Group I	8.1	33.9	25.8	65.6
Group II	8.1	24.7	16.6	56.5
Group III	8.1	21.8	13.7	50.2
Group IV	8.1	17.0	8.9	43.0

1/ Feb.-Mar., June-July, and Oct.-Nov. averages.

2/ These price spreads would be over or under estimated to the extent that lower or higher priced oils were used in the manufacture of a particular margarine.

Col. 1: U. S. Bur. of the Census and Dept. Agr. statistics.

Col. 2: A. C. Nielsen Co.

Regional Differences

Average manufacture-wholesale charges for marketing crude oil in the form of margarine were highest in New York and lowest in the Southeast (table 16). However, as pointed out in the discussion of retail price spreads, the level of average regional buying and selling prices is materially affected by the distribution of margarine sales among various price groups. Lower priced margarine constituted a relatively larger proportion of margarine sales in the Southeast, thereby accounting for the lower average retail buying price in this area.

Regional price differences also have arisen because of dissimilarities in transportation and other distribution costs. Conceivably, the use of a common oil price for all regions would tend to result to some degree in overestimation of the manufacture-to-retail spread in some localities and underestimation in others.

Table 16.--Manufacturers' crude oil cost, retail grocers' buying prices per pound of margarine, and manufacturing and wholesaling price spread by geographic region, 1957-59

Year and region	Cost oil, crude basis	Retail buying price of margarine	Manufacturing and wholesaling price spread	Spread as percentage of retail selling price
	Cents	Cents	Cents	Percent
1957				
Metro. New York.....	10.8	26.0	15.2	50.3
Metro. Chicago......	10.8	24.5	13.7	46.9
Metro. Los Angeles..	10.8	23.3	12.5	46.0
Southeast...........	10.8	22.4	11.6	43.6
1958				
Metro. New York.....	9.4	25.5	16.1	53.7
Metro. Chicago......	9.4	23.4	14.0	49.6
Metro. Los Angeles..	9.4	23.6	14.2	50.5
Southeast...........	9.4	22.8	13.4	49.4
1959				
Metro. New York.....	8.1	24.7	16.6	57.4
Metro. Chicago......	8.1	23.3	15.2	53.9
Metro. Los Angeles..	8.1	21.9	13.8	52.1
Southeast...........	8.1	20.2	12.1	49.0

Col. 1: U. S. Bur. of the Census and Dept. Agr. statistics.
Col. 2: A. C. Nielsen Co.

Seasonal Variation and Trend

Data for the 3 bimonthly periods per year showed seasonal oil prices to be less stable than margarine prices (table 17). This is to be expected since crude oil supplies are dependent upon seasonal harvests of soybeans and cottonseed. Storage and handling costs are incurred in maintaining a continuous oil supply during non-harvesting periods. Moreover, changing demands for other uses of oil, aside from margarine manufacture, exert short-run effects on the price of oil.

Average Prices and Price Spreads

While both the price of oil and the price of margarine consistently declined beginning with 1957, for comparable periods within 1957, 1958, and 1959 the manufacture-to-wholesale spreads were in some instances slightly higher and in others slightly lower for the same periods in successive years. However, a slight upward movement in margins was detected on an annual basis (table 18). Nonetheless, these margins tend to confirm the notion that over time, other manufacturing and wholesaling costs are more rigid than the cost of oil to manufacturers.

Table 17.--Manufacturers' crude oil cost, retail grocers' buying prices per pound of margarine, and manufacturing and wholesaling price spreads by seasons, 1957-59

Year and period	Cost oil, crude basis	Retail buying price of margarine	Manufacturing and wholesaling price spread	Spread as percentage of retail selling price
	Cents	Cents	Cents	Percent
1957				
Feb.-Mar.	11.5	24.6	13.1	44.9
June-July	10.3	23.9	13.6	48.4
Oct.-Nov.	10.0	23.9	13.9	49.6
1958				
Feb.-Mar.	9.8	23.9	14.1	49.8
June-July	8.7	23.1	14.4	52.7
Oct.-Nov.	8.8	22.7	13.9	51.5
1959				
Feb.-Mar.	7.8	21.8	14.0	53.4
June-July	8.2	21.9	13.7	51.9
Oct.-Nov.	7.1	22.4	15.3	56.7

Col. 1: U. S. Bur. of the Census and Dept. Agr. statistics.
Col. 2: A. C. Nielsen Co.

Table 18.--Manufacturers' crude oil cost, retail grocers' buying prices per pound of margarine and manufacturing and wholesaling price spread by years, 1957-59

Year	Cost oil, crude basis	Retail buying price of margarine	Manufacturing and wholesaling price spread	Spread as percentage of retail selling price
	Cents	Cents	Cents	Percent
1957	10.8	24.1	13.3	46.8
1958	9.4	23.2	13.8	50.2
1959	8.1	22.0	13.9	52.4

Col. 1: U. S. Bur. of the Census and Dept. Agr. statistics.
Col. 2: A. C. Nielsen Co.

Mill and Country Shipper Spreads and Farm Values for Soybean and Cottonseed Oils

Oilseed handling and processing complete the series of functions involved in changing oilseeds produced on farms into margarine and disposing of margarine at the retail level. Aside from crushing, one of the most important services of mills is storage of both seed and soil. A considerable amount of storage of oilseeds and oil and concurrent risks of spoilage and price changes are involved in maintaining the flow of seeds into oil and oil into products for consumption throughout the season.

Other products than oil are produced from oilseeds. Soybean meal, another important joint product obtained from soybeans, has a value roughly equal to that of oil. In addition to meal, hulls and linters are jointly produced from cottonseed along with oil. Because other products are involved, the mill margin or charge for production of crude oil cannot be viewed as the difference between the price of oilseeds and the value of crude oil obtained from the seeds. Another measure is required. In this study the percentage margin for crude oil was assumed to be the same as the overall percentage margin for all joint products combined. That is, the difference between the cost of oilseeds to the mill and the value of oilseed products expressed as a percentage of the total value of the products was used as a measure of the percentage margin for producing crude oil.

Estimation of Percentage Margins

Percentage margins were determined separately for crude cottonseed and soybean oils. These margins were also applied separately in determining charges for oil mill services.

A similar procedure was used in determining country shippers' margins for soybeans. For example, the difference between the price of beans at country points and the farm price of beans expressed as a percentage of the price at country points was taken as the percentage margin realized by country shippers. However, since price quotations for cottonseed at gins or country points were not available, a country shippers' margin for cottonseed could not be estimated. Therefore, handling and storage charges for cottonseed were included in the oil mill margin.

Percentage mill and shipper margins and the prices and values used to derive these margins appear in tables 19 and 20.

Farm-to-Manufacture Price Spreads

Application of the percentage margins from tables 19 and 20 to the average costs of crude soybean and cottonseed oils used in a pound of margarine gave the mill and country shipper charges or spreads shown in table 21. Farm values appearing in the table resulted from the deduction of these charges from the value of crude oil. For instance, in 1957 the mill margin and the shipper margin for soybeans were estimated at 7.2 and 6.4 percent, respectively (table 19). For the same year, the value of crude soybean oil used in a pound of margarine was estimated at 8.4 cents. The mill spread, or 7.2 percent of 8.4 cents, amounted to 0.6 cent, indicating an oil value of 7.8 cents (8.4 cents less 0.6 cent) at the shipper level. The country shippers' spread, or 6.4 percent of 7.8 cents, was 0.5 cent, leaving an estimated farm value of 7.3 cents (7.8 cents less 0.5 cent) for crude soybean oil used in a pound of margarine. The gin and mill spread of 0.8 cent and the farm value of 1.6 cents for cottonseed oil used in a pound of margarine were arrived at in a similar fashion.

Margins and farm values for soybean and cottonseed oils were combined to obtain margins and farm values for oil on a pound of margarine basis (table 21). These estimates indicate that the farm value of soybean and cottonseed oils in a pound of margarine declined over 2 cents from 1957 to 1959.

Table 19.--Soybean prices and product value per bushel and percentage margins of country shippers and mills, 1957-59 1/

Year	Price soybeans and products			Percentage margins	
	Farm price per bushel	Country shippers' price per bushel	Mill value per bushel	Country shippers	Mill
	Dollars	Dollars	Dollars	Percent	Percent
1957....	2.18	2.33	2.51	6.4	7.2
1958....	2.07	2.19	2.41	5.5	9.2
1959....	2.00	2.11	2.33	5.2	9.4

1/ 1956, 1957, and 1958 crop years.
Cols. 1-3: Fats and Oils Situation, U. S. Dept. Agr., Agr. Mktg. Serv., FOS-205, Nov. 3, 1960.

Table 20.--Cottonseed prices and percentage margin of gins and mills, 1957-59 1/

Year	Farm price per ton	Mill value per ton	Percentage margin gin and mill
	Dollars	Dollars	Percent
1957......	53.40	83.07	35.7
1958......	51.10	82.55	38.1
1959......	43.80	75.96	42.3

1/ 1956, 1957, and 1958 crop years.
Col. 1: Fats and Oils Situation, U. S. Dept. Agr., Agr. Mktg. Serv., FOS-205, Nov. 3, 1960.
Col. 2: Unpublished data. U. S. Dept. Agr.

Total Marketing Margin and Farm Value of Oil

Retail prices for margarine are an accumulation of marketing charges or costs. Returns to farmers for oil are included, as well as returns to production and marketing agencies for services, materials, and ingredients other than oil. In 1958, the sum of these charges, or the retail price of margarine, averaged 27.5 cents (fig. 3). The farm value of oil and costs of the manufacturing function, excluding oil, were approximately equal for that year. Moreover, these two items accounted for well over one-half the retail price of margarine. Estimates of oil refining and wholesaling costs were only obtainable separately for 1958. Had these costs been included in estimates of costs to manufacturers, as was necessary for 1957 and 1959, costs associated with the manufacturing function alone would have amounted to 13.8 cents or about one-half the average retail price of margarine in 1958.

Several reasons why marketing margins may diverge from the general averages are illustrated in figures 4 and 5. Brands characteristic of several dissimilar price

Table 21.--Value of soybean and cottonseed oil equivalents per pound of margarine and farm-to-manufacture margins, 1957-59 1/

Year	Values (oil per pound of margarine)								
	Farm			Country shipper			Mill 2/		
	Soybean (share)	Cottonseed (share)	Total	Soybean (share)	Cottonseed (share)	Total	Soybean (share)	Cottonseed (share)	Total
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1957....	7.3	1.6	8.9	7.8	3/	7.8	8.4	2.4	10.8
1958....	6.9	.9	7.8	7.3	3/	7.3	8.0	1.4	9.4
1959....	6.1	.6	6.7	6.4	3/	6.4	7.1	1.0	8.1
	Margins (oil per pound of margarine)								
	Country shipper			Mill			Farm-to-manufacture		
	Soybean 4/ (share)	Cottonseed (share)	Total	Soybean 4/ (share)	Cottonseed 5/ (share)	Total	Soybean 4/ (share)	Cottonseed 5/ (share)	Total
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1957....	0.5	3/	0.5	0.6	3/ 0.8	1.4	1.1	0.8	1.9
1958....	.4	3/	.4	.7	3/ .5	1.2	1.1	.5	1.6
1959....	.3	3/	.3	.7	3/ .4	1.1	1.0	.4	1.4

1/ These estimates for crop years differ slightly from Market Basket estimates for calendar years.
2/ See columns 3, 6, and 8 of table 30 in the Appendix.
3/ Included in mill values and margins.
4/ Estimates based on columns 4 and 5 of table 19.
5/ Estimate based on column 3 of table 20.

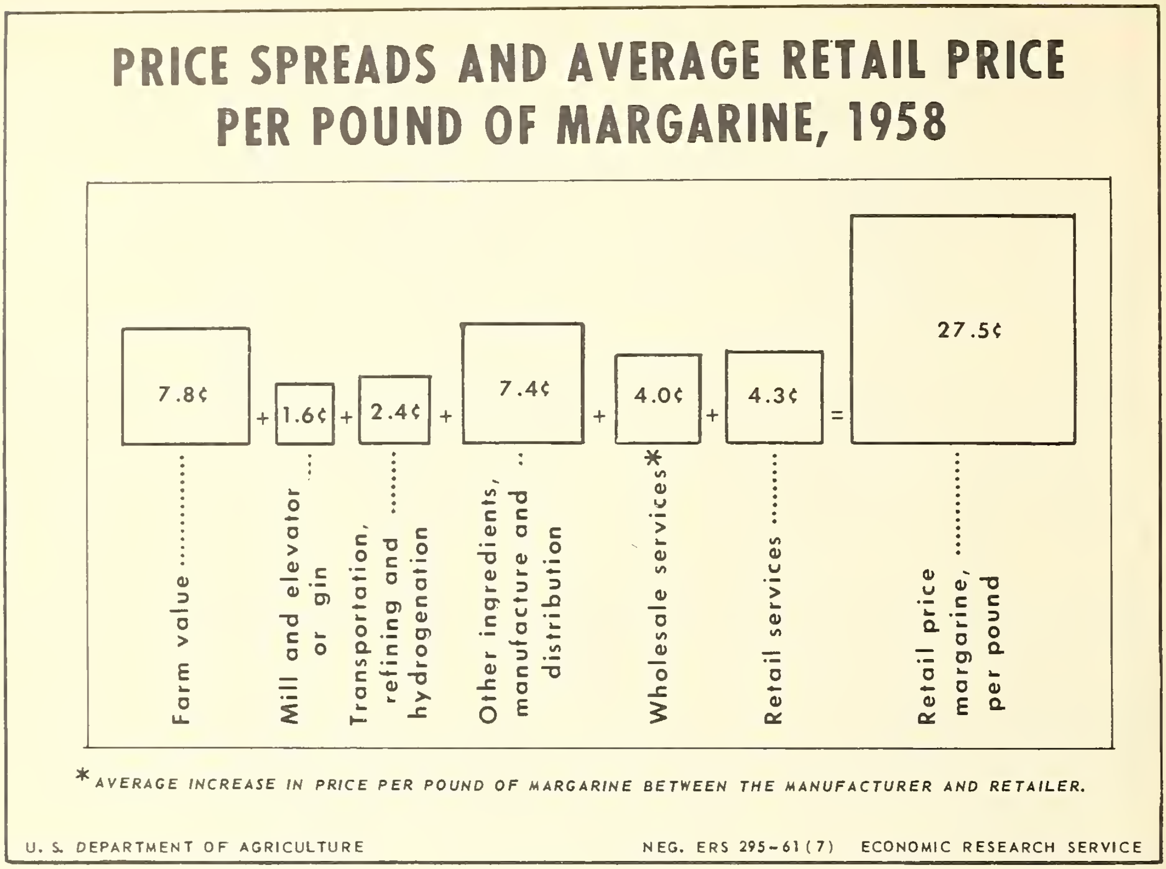
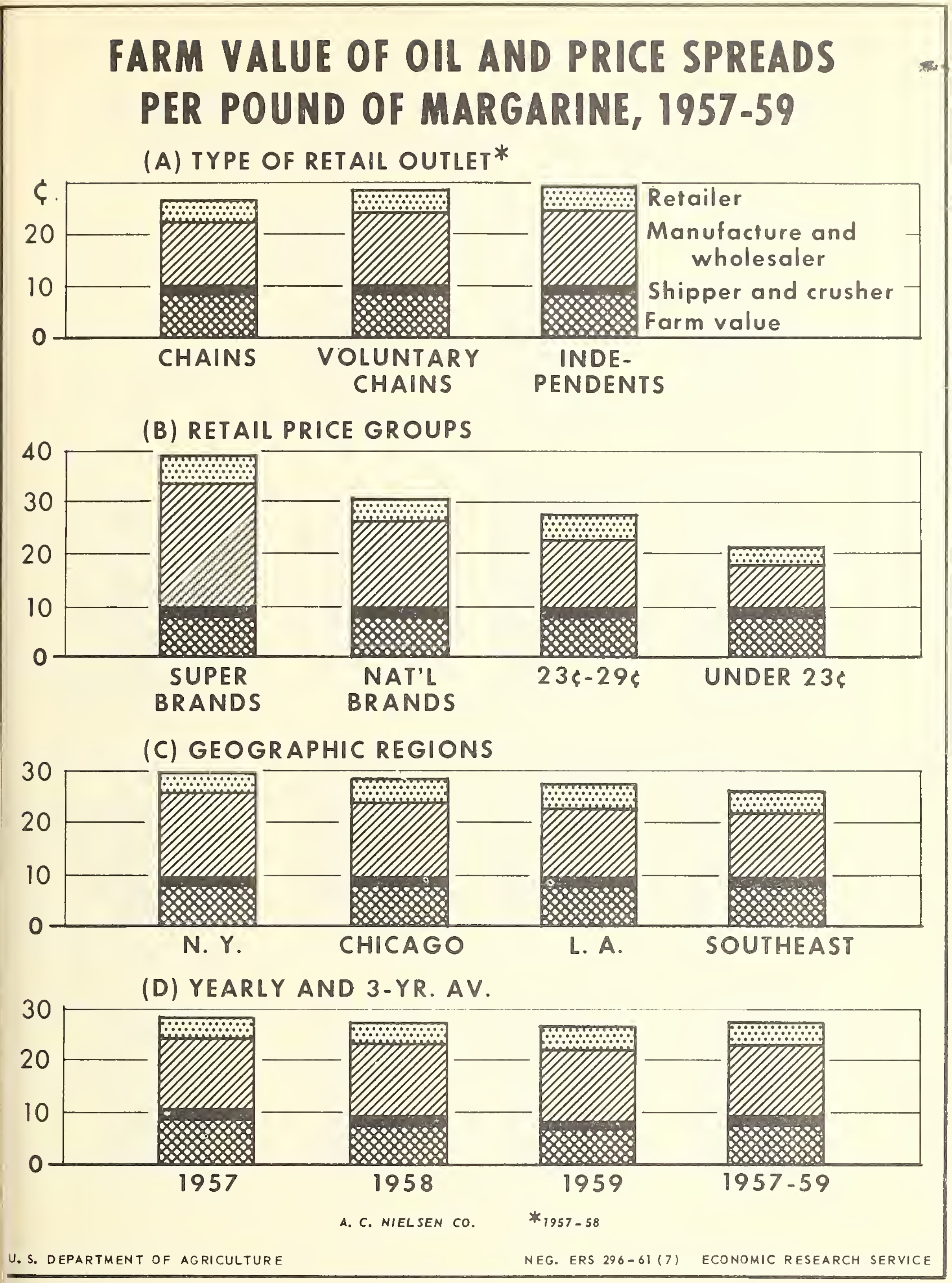


Figure 3

groups, in particular, are seen to lead to strikingly different margins between the farm and retail level. Overall average margins reflect the sum total of such effects.

Even average margins, however, have not remained stable over time. The decline in the price of margarine from 1957 through 1959 was accompanied by significant changes in marketing margins as shown by figures 4 and 5. A somewhat more descriptive account of the cost components of margarine is given in table 22. In contrast to other major cost items, both the farm value of oil and the share of the margarine dollar accruing to farmers decreased along with the average retail price of margarine.



FARM VALUE OF OIL AND PRICE SPREADS PER POUND OF MARGARINE, 1957-59

(A) TYPE OF RETAIL OUTLET*

(B) RETAIL PRICE GROUPS

(C) GEOGRAPHIC REGIONS

(D) YEARLY AND 3-YR. AV.

A. C. NIELSEN CO. *1957-58

U. S. DEPARTMENT OF AGRICULTURE NEG. ERS 296-61 (7) ECONOMIC RESEARCH SERVICE

Figure 4

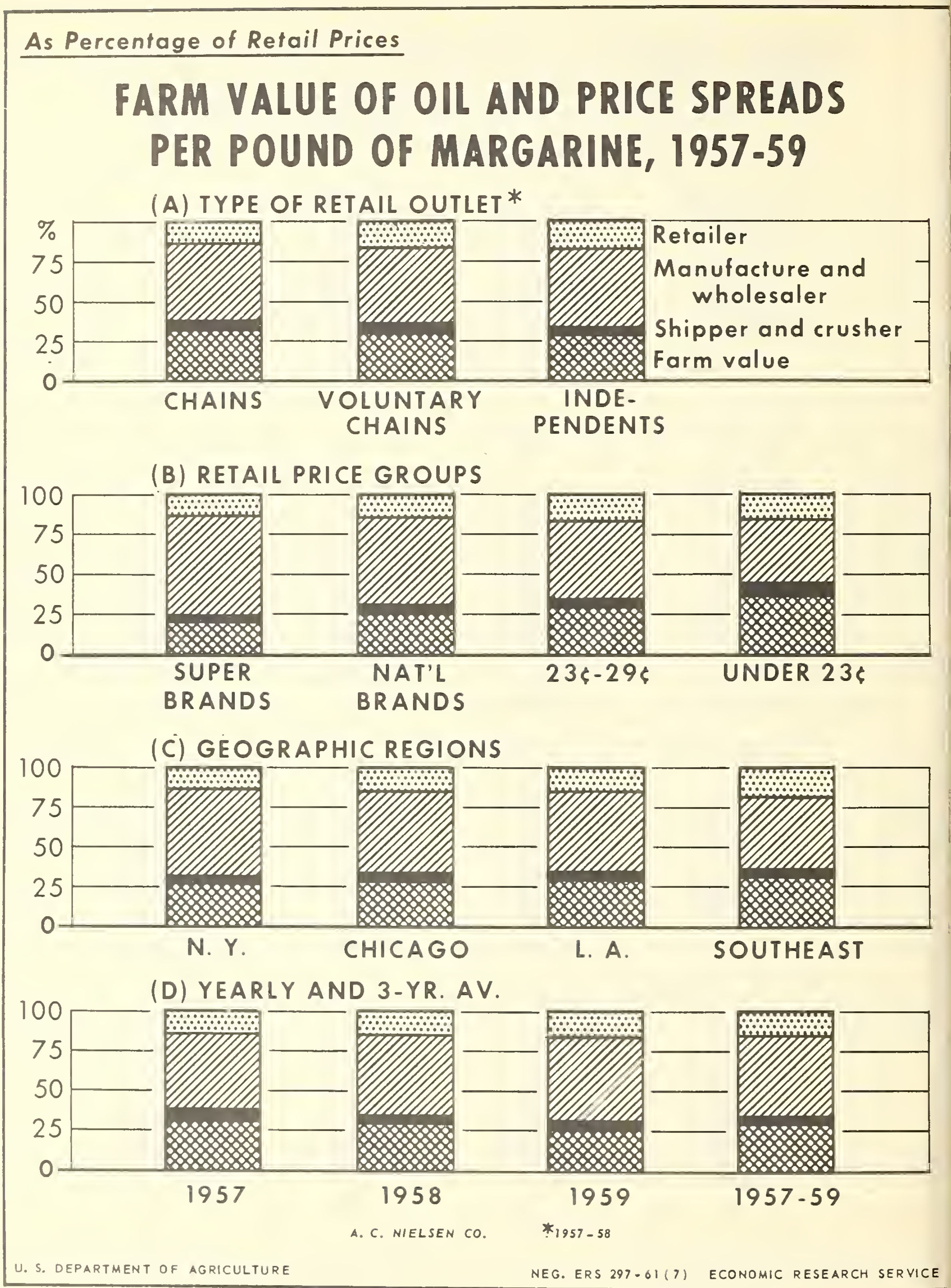

As Percentage of Retail Prices
FARM VALUE OF OIL AND PRICE SPREADS PER POUND OF MARGARINE, 1957-59
(A) TYPE OF RETAIL OUTLET*
%
75
50
25
0
Retailer
Manufacture and wholesaler
Shipper and crusher
Farm value
CHAINS
VOLUNTARY CHAINS
INDEPENDENTS
(B) RETAIL PRICE GROUPS
100
75
50
25
0
SUPER BRANDS
NAT'L BRANDS
23¢-29¢
UNDER 23¢
(C) GEOGRAPHIC REGIONS
100
75
50
25
0
N. Y.
CHICAGO
L. A.
SOUTHEAST
(D) YEARLY AND 3-YR. AV.
100
75
50
25
0
1957
1958
1959
1957-59
A. C. NIELSEN CO.
*1957-58
U. S. DEPARTMENT OF AGRICULTURE
NEG. ERS 297-61 (7)
ECONOMIC RESEARCH SERVICE

Figure 5

Table 22.--Farm value of oil per pound of margarine, retail selling prices for margarine, and marketing spread in cents and as percentage of retail price, 1957-59

Year and Item	Oil values and margins			Margarine values and margins		
	Farm value	Shipper margin	Mill margin	Manufacturing and wholesaling margin	Retail margin	Retail price
	Cents	Cents	Cents	Cents	Cents	Cents
1957						
Soybeans and services......	7.3	0.5	0.6	--	--	--
Cottonseed and services....	1.6	0.8		--	--	--
Ingredients and services...	--	--		13.3	4.3	--
Total..................	8.9	1.9		13.3	4.3	28.4
1958						
Soybeans and services......	6.9	.4	.7	--	--	--
Cottonseed and services....	.9	.5		--	--	--
Ingredients and services...	--	--		13.8	4.3	--
Total..................	7.8	1.6		13.8	4.3	27.5
1959						
Soybeans and services......	6.1	.3	.7	--	--	--
Cottonseed and services....	.6	.4		--	--	--
Ingredients and services...	--	--		13.9	4.5	--
Total..................	6.7	1.4		13.9	4.5	26.5
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1957						
Soybeans and services......	25.7	1.8	2.1	--	--	--
Cottonseed and services....	5.6	2.8		--	--	--
Ingredients and services...	--	--		46.8	15.2	--
Total..................	31.3	6.7		46.8	15.2	100.0
1958						
Soybeans and services......	25.1	1.5	2.5	--	--	--
Cottonseed and services....	3.3	1.8		--	--	--
Ingredients and serices....	--	--		50.2	15.6	--
Total..................	28.4	5.8		50.2	15.6	100.0
1959						
Soybeans and services......	23.0	1.1	2.7	--	--	--
Cottonseed and services....	2.3	1.5		--	--	--
Ingredients and services...	--	--		52.4	17.0	--
Total..................	25.3	5.3		52.4	17.0	100.0

APPENDIX

Table 23.--Percentage of ingredients contained in margarine

Ingredient	Content
	Percent
Fats 1/	80.0 (minimum)
Milk 2/ -- moisture	3/ 16.0 approx.
solids	10.0 percent weight of moisture (minimum)
Salt 4/	3/ 2.5 approx.
Glycerine derivative 5/	0.5 (maximum)
Lecithin	0.5 (maximum)
Soldium Benzoate or Benzoic Acid 6/.	0.1 (maximum)
Antioxident 7/ -- Isopropyl Citrates	0.02 (maximum)
Stearyl Citrate	0.15 (maximum)
Artificial color 8/	3/ 0.01
Artificial flavor (Diacetyl)	3/ 0.01
Vitamins 9/	15,000 United States Pharmacopoeia Units of Vitamin A per pound (minimum)

1/ Animal and/or vegetable fats including butter.
2/ May contain combination of finely ground soybeans and water.
3/ Approximate percentages common to the trade.
4/ For flavor and to protect the milk portion from bacterial action.
5/ Alone or in combination with sulpho-acetate derivatives, the combination not to exceed 0.5 percent.
6/ To retard bacterial action.
7/ To retard oxidation of fats.
8/ Provitamin A shall be deemed a color.
9/ With or without Vitamin D.

Oleomargarine, Margarine, "Definitions and Standards under the Federal Food, Drug, and Cosmetic Act, F.D.C. Regs., Part 45, Food and Drug Administration, U. S. Dept. of Health, Education and Welfare.

A. C. Nielsen Company Data

The data supplied under contract by the A. C. Nielsen Company provided comparable retail buying and selling prices for margarine classified by price level, type of retail outlet, and region. Prices were weighted averages, based on retail purchases and sales of all brands handled by each retail outlet, including sales at "special prices."

The Nielsen data are collected periodically by company auditors from a statistical sample of approximately 1,600 retail grocery outlets.

Table 24.--Retail buying and selling prices per pound of margarine, by region, bimonthly, 1957-59

Period and region	1957		1958		1959	
	Buying	Selling	Buying	Selling	Buying	Selling
Feb.-Mar.						
Metro. New York....	26.5	31.2	25.9	30.2	24.3	28.5
Metro. Chicago.....	25.2	30.0	23.6	28.6	23.0	27.5
Metro. Los Angeles.	23.2	26.3	24.2	28.8	21.7	26.1
Southeast..........	22.8	27.2	23.3	27.6	20.2	24.5
United States....	24.6	29.2	23.9	28.3	21.8	26.2
June-July						
Metro. New York....	25.6	30.4	25.3	30.1	24.2	28.9
Metro. Chicago.....	24.2	28.6	23.0	27.7	23.0	28.3
Metro. Los Angeles.	23.5	27.7	23.5	27.6	21.8	26.4
Southeast..........	21.8	26.0	22.8	27.0	20.3	24.8
United States....	23.9	28.1	23.1	27.3	21.9	26.4
Oct.-Nov.						
Metro. New York....	25.9	29.2	25.2	29.8	25.3	29.3
Metro. Chicago.....	24.0	28.9	23.5	28.1	23.7	28.9
Metro. Los Angeles.	23.3	27.3	22.9	27.7	22.4	27.0
Southeast..........	22.5	26.5	22.4	26.6	20.2	24.9
United States....	23.9	28.0	22.7	27.0	22.4	27.0

A. C. Nielsen Co.

Table 25.--Retail buying and selling prices per pound of margarine for four brands, by region, bimonthly, 1957-58

Period and region	Brand A		Brand B		Brand C		Brand D	
	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1957								
Feb.-Mar.								
Metro. New York	33.8	39.4	28.3	35.6	27.0	31.6	27.5	31.9
Metro. Chicago	33.8	39.4	33.6	39.7	27.5	32.3	27.5	32.4
Metro. Los Angeles	34.9	39.2	25.0	30.4	27.1	29.7	1/	1/
Southeast	34.4	40.2	29.1	33.0	27.9	32.5	27.7	31.8
United States	34.7	40.1	26.9	30.8	28.4	33.0	27.7	32.4
June-July								
Metro. New York	34.2	39.3	34.3	39.3	26.3	30.5	26.6	30.7
Metro. Chicago	34.4	39.5	33.8	39.8	25.5	30.6	25.7	30.6
Metro. Los Angeles	34.8	39.2	33.3	38.1	26.2	29.4	1/	1/
Southeast	34.4	40.0	25.2	31.7	26.4	31.2	25.7	30.2
United States	34.8	40.0	32.2	36.9	26.9	31.5	26.4	31.2
Oct.-Nov.								
Metro. New York	34.5	39.5	33.0	36.4	26.4	30.2	26.7	30.3
Metro. Chicago	34.1	39.4	32.2	37.6	25.5	30.3	25.9	30.7
Metro. Los Angeles	34.8	38.5	28.1	34.6	26.0	29.3	1/	1/
Southeast	34.3	39.7	30.5	34.8	26.4	31.1	25.9	30.7
United States	34.9	39.9	31.4	36.8	26.9	31.5	26.4	31.0
1958								
Feb.-Mar.								
Metro. New York	33.5	39.1	32.3	36.8	26.4	30.2	25.9	29.2
Metro. Chicago	33.4	39.0	30.9	35.9	25.3	30.4	24.5	30.0
Metro. Los Angeles	33.5	39.0	28.9	34.2	25.8	29.3	26.6	29.4
Southeast	32.4	39.4	29.2	34.3	26.3	30.7	25.6	30.0
United States	33.4	39.8	31.9	37.0	26.9	31.6	25.5	30.3
June-July								
Metro. New York	34.2	39.3	30.9	36.3	25.1	29.0	26.1	29.5
Metro. Chicago	34.1	39.3	29.1	36.2	24.5	28.6	25.4	29.8
Metro. Los Angeles	34.5	39.1	32.0	35.1	24.9	27.9	25.7	29.2
Southeast	34.5	39.9	28.7	36.7	25.4	29.8	25.0	30.2
United States	34.8	39.9	30.5	36.5	25.7	30.2	25.7	30.3
Oct.-Nov.								
Metro. New York	34.3	39.2	29.4	34.9	25.3	29.2	25.3	29.2
Metro. Chicago	34.1	39.2	28.1	34.2	24.5	29.5	25.1	29.4
Metro. Los Angeles	34.6	39.1	34.1	37.3	25.1	29.4	25.1	29.2
Southeast	31.2	37.0	27.9	33.0	25.7	30.3	24.4	28.7
United States	34.2	39.5	31.7	36.1	26.0	30.9	25.1	29.9

1/ This brand introduced into metropolitan Los Angeles in 1958.
A. C. Nielsen Co.

Table 26.--Retail buying and selling prices per pound of margarine by price group and region, bimonthly, 1957-59

Period and region	Group I 1/		Group 2 2/		Group III 3/		Group IV 4/	
	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1957								
Feb.-Mar.								
Metro. New York	30.8	37.0	27.3	31.6	24.0	29.4	20.4	24.5
Metro. Chicago	33.8	39.4	27.2	32.2	22.4	28.2	18.2	22.0
Metro. Los Angeles	29.7	35.8	27.7	29.9	20.8	25.7	18.9	21.5
Southeast	34.0	39.6	28.1	32.6	22.4	28.2	18.4	21.8
United States	32.5	37.3	28.2	32.7	22.7	28.5	19.4	22.9
June-July								
Metro. New York	34.2	39.3	25.6	30.7	23.3	27.1	18.2	22.4
Metro. Chicago	34.1	39.6	25.6	30.1	23.5	26.5	16.7	20.6
Metro. Los Angeles	34.0	39.2	26.8	31.4	22.2	27.7	18.9	22.1
Southeast	31.3	38.6	26.4	31.4	22.9	27.1	17.2	20.5
United States	33.7	39.1	26.6	31.4	23.5	27.4	18.2	21.4
Oct.-Nov.								
Metro. New York	33.8	38.2	25.5	28.4	23.9	28.2	18.6	22.5
Metro. Chicago	33.4	39.0	26.1	30.6	19.7	24.7	16.7	20.0
Metro. Los Angeles	34.0	39.3	27.3	32.2	21.7	24.6	18.5	21.9
Southeast	33.3	38.0	27.0	31.6	23.0	27.1	17.6	21.0
United States	33.6	39.1	26.8	31.4	23.5	27.4	18.1	21.4
1958								
Feb.-Mar.								
Metro. New York	33.0	38.0	26.0	30.4	23.6	27.1	18.7	22.3
Metro. Chicago	32.7	38.6	25.7	30.5	22.2	27.0	16.8	20.3
Metro. Los Angeles	34.2	40.8	27.3	32.1	22.8	29.0	19.3	22.8
Southeast	31.3	38.4	26.8	31.5	22.7	26.7	17.7	21.0
United States	32.9	39.1	26.7	31.6	23.7	27.6	18.4	21.9
June-July								
Metro. New York	32.5	38.0	25.5	30.2	23.4	28.0	19.0	22.6
Metro. Chicago	33.3	39.1	25.4	29.8	22.1	28.4	16.0	19.1
Metro. Los Angeles	34.9	39.8	26.8	31.5	22.1	28.5	19.0	22.2
Southeast	33.6	39.4	26.1	31.0	22.1	26.2	17.0	20.0
United States	33.4	39.2	26.1	30.9	22.8	27.0	17.6	20.9
Oct.-Nov.								
Metro. New York	31.8	37.4	25.3	29.9	23.1	27.6	18.3	21.8
Metro. Chicago	32.4	38.5	25.3	29.9	22.5	27.1	15.8	19.4
Metro. Los Angeles	35.1	40.4	26.3	31.2	21.0	27.8	18.0	21.8
Southeast	30.0	36.0	26.2	30.8	21.4	25.7	16.4	19.7
United States	33.2	38.8	26.0	30.8	22.5	26.8	17.0	20.4
1959								
Feb.-Mar.								
Metro. New York	32.1	37.4	24.2	28.4	22.9	26.7	17.3	20.9
Metro. Chicago	33.4	38.6	24.0	28.8	22.2	28.9	15.1	13.3
Metro. Los Angeles	35.9	40.8	25.8	30.6	20.1	26.0	16.9	20.7
Southeast	32.1	38.1	25.2	30.1	20.0	25.9	16.3	19.6
United States	33.9	39.2	25.0	29.8	21.7	26.9	16.5	20.0
June-July								
Metro. New York	32.2	37.9	23.7	28.2	23.4	26.6	16.8	21.2
Metro. Chicago	33.7	38.8	24.2	29.3	22.0	27.1	14.8	20.5
Metro. Los Angeles	35.4	40.5	24.6	29.7	20.8	27.3	17.4	21.2
Southeast	33.1	38.4	24.7	29.6	20.0	26.1	16.8	20.5
United States	33.9	39.0	24.4	29.2	21.5	27.0	17.3	21.0
Oct.-Nov.								
Metro. New York	33.9	39.0	23.9	27.4	24.5	26.7	17.2	21.5
Metro. Chicago	34.1	39.3	24.3	29.4	22.7	28.3	15.3	20.4
Metro. Los Angeles	35.6	40.6	25.5	30.1	20.8	30.1	17.1	21.1
Southeast	33.3	39.3	24.7	29.4	19.8	26.4	16.4	20.6
United States	33.9	39.6	24.6	29.3	22.2	28.0	17.3	21.2

1/ Relatively high priced, butter-added and corn oil types. 2/ Major national brands. 3/ Composite group of lower priced brands with average selling price between 23 and 29 cents per pound. 4/ Brands retailing under 23 cents per pound. A. C. Nielsen Co.

Table 27.--Retail sales of margarine by price group and region, bimonthly, 1957-59

Period and region	1957					1958					1959				
	Group I	Group II	Group III	Group IV	Total	Group I	Group II	Group III	Group IV	Total	Group I	Group II	Group III	Group IV	Total
	Pct.	Pct.	Pct.	Pct.	1,000 lb.	Pct.	Pct.	Pct.	Pct.	1,000 lb.	Pct.	Pct.	Pct.	Pct.	1,000 lb.
Feb.-Mar.															
Metro. New York	19.8	55.7	5.8	18.7	7,377	17.8	59.3	6.9	16.0	8,680	18.7	55.4	6.6	19.3	8,269
Metro. Chicago	14.0	48.9	8.8	28.3	6,280	16.7	46.1	8.5	28.7	7,138	18.7	46.9	4.7	29.7	6,791
Metro. Los Angeles	9.2	33.4	17.1	40.3	7,377	9.2	40.0	10.2	40.6	9,430	7.7	34.2	9.2	48.9	13,489
Southeast	2.5	30.1	26.8	40.6	30,275	9.3	35.8	22.0	32.9	31,485	2.2	32.3	17.6	47.9	36,282
United States	8.8	37.3	24.8	29.1	188,214	8.2	38.6	21.2	32.0	210,239	7.8	36.0	17.0	39.2	209,124
June-July															
Metro. New York	18.0	55.7	8.0	18.3	6,197	16.8	59.5	8.0	15.7	6,696	24.4	47.6	6.0	22.0	7,197
Metro. Chicago	18.1	44.5	5.9	31.5	5,841	15.7	45.2	6.8	32.3	6,151	21.2	41.6	4.4	32.8	6,280
Metro. Los Angeles	8.7	35.4	13.9	42.0	7,798	8.1	37.2	8.8	45.9	8,482	8.3	35.7	9.3	46.7	12,084
Southeast	2.7	29.6	26.6	41.1	27,303	9.2	34.4	22.7	33.7	27,084	2.5	32.7	15.0	49.8	32,136
United States	9.2	36.7	23.2	30.9	167,438	7.6	38.0	20.2	34.2	183,501	9.3	35.3	14.2	41.2	185,768
Oct.-Nov.															
Metro. New York	16.5	64.7	5.7	13.1	8,070	20.0	55.3	6.4	18.3	8,261	27.0	48.7	4.7	19.6	8,807
Metro. Chicago	18.9	47.3	6.7	27.1	6,756	19.2	44.6	4.5	31.7	7,165	21.6	37.7	13.4	27.3	6,985
Metro. Los Angeles	9.6	34.1	8.7	47.6	9,416	7.9	38.5	13.1	40.5	9,053	9.4	39.4	5.9	45.3	11,085
Southeast	3.1	32.0	25.7	39.2	31,843	9.5	36.7	21.7	32.1	31,580	3.7	32.5	13.5	50.3	35,208
United States	9.0	38.1	20.5	32.4	203,713	8.7	36.7	18.4	36.2	213,467	11.2	35.0	13.9	39.9	207,813

A. C. Nielsen Co.

Table 28.--Retail buying and selling prices per pound of margarine by type of retail outlet and region, bimonthly, 1957-58

Period and region	Chains		Voluntary chains		Independents	
	Buying	Selling	Buying	Selling	Buying	Selling
	Cents	Cents	Cents	Cents	Cents	Cents
1957						
Feb.-Mar.						
Metro. New York	26.0	30.7	28.3	32.3	28.5	33.6
Metro. Chicago	24.2	29.1	27.0	31.2	29.7	34.9
Metro. Los Angeles	22.3	25.2	24.5	28.0	26.1	29.9
Southeast	21.8	25.6	22.7	26.8	24.4	29.8
United States	23.6	28.0	25.6	30.1	25.9	31.1
June-July						
Metro. New York	24.8	29.2	23.2	28.1	26.4	32.0
Metro. Chicago	23.1	27.3	26.3	30.5	27.7	33.7
Metro. Los Angeles	21.3	25.0	23.6	27.6	24.2	29.1
Southeast	21.6	24.6	22.1	26.2	23.2	28.7
United States	22.8	26.7	24.4	28.9	24.8	30.0
Oct.-Nov.						
Metro. New York	24.8	28.6	25.6	27.2	28.1	32.2
Metro. Chicago	23.2	27.9	25.3	30.7	27.7	33.5
Metro. Los Angeles	22.6	26.7	24.4	28.2	25.9	30.5
Southeast	21.1	24.9	22.0	26.3	22.8	28.5
United States	22.9	26.9	24.2	28.6	24.7	29.8
1958						
Feb.-Mar.						
Metro. New York	25.2	29.6	26.8	30.1	27.9	32.6
Metro. Chicago	22.7	27.6	25.5	30.4	26.5	32.7
Metro. Los Angeles	23.6	28.3	25.0	29.5	26.1	31.8
Southeast	21.2	25.1	21.7	25.6	23.0	28.5
United States	23.0	27.1	24.3	29.0	24.9	30.1
June-July						
Metro. New York	24.8	29.2	25.7	31.2	27.1	32.9
Metro. Chicago	22.2	26.4	24.2	29.8	26.7	32.7
Metro. Los Angeles	22.1	25.7	22.8	26.5	23.7	29.1
Southeast	20.3	23.9	20.4	24.4	22.0	27.8
United States	22.1	26.0	23.3	28.1	23.8	29.1
Oct.-Nov.						
Metro. New York	24.9	29.1	25.1	29.3	27.0	32.7
Metro. Chicago	22.8	27.3	24.5	29.3	27.0	32.5
Metro. Los Angeles	21.8	25.2	22.5	26.2	23.8	29.4
Southeast	20.3	23.9	20.3	24.1	21.3	26.8
United States	22.0	26.0	22.7	27.4	23.2	28.6

A. C. Nielsen Co.

Table 29.--Manufacturers' prices per pound of margarine by retail price groups, 1957-59 1/

Expected retail price	Manufacturers' average prices 2/		
	1957	1958	1959
	Cents	Cents	Cents
Over 35.0......	33.3	33.4	33.7
29.1 - 35.0....	26.5	25.5	23.6
23.1 - 29.0....	24.5	24.5	23.2
20.1 - 23.0....	17.8	16.8	16.2
Under 20.1.....	16.7	14.7	14.2
Average 3/...	19.4	18.1	16.4

1/ Classification of sales into retail price groups as reported by manufacturers based on their expected retail selling price.

2/ Group prices represent a smaller sample than average prices.

3/ Average prices may be somewhat lower than the average for all margarine because of inability to obtain reports on some higher priced brands.

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Table 30.--Price of crude oil and oil requirements and value per pound of margarine, 1957-59 1/

Year	Soybean oil			Cottonseed oil			Soybean and cottonseed oils	
	Price crude oil 2/	Crude oil per pound margarine 3/	Mill value crude oil per pound margarine	Price crude oil 4/	Crude oil per pound margarine 3/	Mill value crude oil per pound margarine	Crude oil per pound margarine 3/	Average value crude oil per pound margarine
	Cents	Pounds	Cents	Cents	Pounds	Cents	Pounds	Cents
1957....	12.7	0.66	8.4	13.4	0.18	2.4	0.84	10.8
1958....	10.8	.74	8.0	13.6	.10	1.4	.84	9.4
1959....	9.5	.75	7.1	11.7	.09	1.0	.84	8.1

1/ Averages for 1956, 1957, and 1958 crops.
2/ Average price per pound, tanks, f.o.b. Midwestern mills.
3/ Includes allowance for refining loss.
4/ Average price per pound, tanks, f.o.b. Southeast mills.

Col. 1: The Fats and Oils Situation, FOS-205, U. S. Dept. Agr., Agr. Mktg. Serv., Nov. 3, 1960.
Cols. 2 & 5: Based on U. S. Bur. of the Census statistics.
Col. 4: The Fats and Oils Situation, FOS-204, U. S. Dept. Agr., Agr. Mktg. Serv., Sept. 28, 1960.

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